

STATUS REPORT: **INTERNATIONAL CARTEL ENFORCEMENT**

The Antitrust Division of the U.S. Department of Justice ("Division") has employed a strategy of concentrating its enforcement resources on international cartels that victimize American businesses and consumers. This enforcement emphasis has led to remarkable success in terms of cracking international cartels, securing the convictions of major conspirators, and obtaining record-breaking fines. For example:

- **Grand Jury Investigations.** Currently, there are roughly 30 sitting grand juries investigating suspected international cartel activity. International cartel investigations account for approximately one-third of the Division's criminal investigations.
- **Geographic Scope.** The subjects and targets of the Division's international investigations are located on 5 continents and in over 20 different countries. However, the geographic scope of the criminal activity is even broader than these numbers reflect. Our investigations have uncovered meetings of international cartels in *107 cities in 35 countries*, including most of the Far East and nearly every country in Western Europe. (See World Map.)
- **Numerous Sectors of Economy Affected.** The Division has prosecuted international cartels operating in a number of sectors including vitamins, food and feed additives, food preservatives, chemicals, graphite electrodes (used in steel making), fine arts, and marine construction and marine transportation services.
- **Volume Of Affected Commerce.** In some matters, the volume of commerce affected by the suspected conspiracy is well over \$1 billion per year; and in over half of the investigations, the volume of commerce affected is well over \$100 million over the term of the conspiracy.
- **Estimated Harm.** Since the beginning of FY 1997, the Division has prosecuted international cartels affecting well over *\$10 billion* in U.S. commerce. It is clear that the cartel activity in these cases has cost U.S. businesses and consumers many hundreds of millions of dollars annually. For example:
 - **Lysine** - Prices increased by 70% in the first 6 months; doubled over course of conspiracy; defendants agreed to pay U.S. customers more than \$45 million in damages.

- **Citric Acid** - Prices increased by over 30% during duration of conspiracy;
 - **Graphite Electrodes** - Prices increased by over 60% during duration of conspiracy;
 - **Vitamins** - Defendants agreed to pay U.S. customers more than \$1 billion in damages.
- **Percentage Of Foreign Defendants.** Since the beginning of FY 1998, roughly *50 percent* of corporate defendants in criminal cases brought by the Division were foreign-based. In FY 2001, the percentage of foreign-based firms charged by the Division rose to nearly 70 percent. Moreover, last year, one-third of the individual defendants in our cases were foreign nationals.
 - **Conviction Of Foreign Executives.** The Division has convicted foreign executives from Germany, Belgium, The Netherlands, England, France, Switzerland, Italy, Sweden, Canada, Mexico, Japan, and Korea for engaging in cartel activity, resulting in heavy fines and, in some cases, imprisonment. Business executives from Canada, Germany, Switzerland, and Sweden have served prison sentences in U.S. jails for violating U.S. antitrust laws.
 - **Individual Jail Sentences Have Increased.** Antitrust offenders are being sent to jail with increasing frequency and for longer periods of time. Nearly 50 years of imprisonment have been imposed on antitrust offenders in the last three years, with the average prison term in FY 2001 rising to nearly 15 months. During that time period, over 20 defendants were sentenced to incarceration for one year or longer. Of course, the majority of those sentences were imposed against U.S. business executives. However, as noted above, recent cases have resulted in the imprisonment of foreign executives for antitrust violations.